

**Michigan Department of Agriculture and Rural Development**  
**Food and Dairy Division**  
**Food Safety Fee Proposal**

**FOOD LAW, ACT 92 OF 2000, AS AMENDED**

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**Improving Michigan's Food Safety System: A Four-Year Plan**

With food and agriculture listed as one of Michigan's big three industries, food safety is critical to the state's economic health. People buy Michigan food, in part, because they trust that our food supply is safe. Michigan has long been considered a national leader in food safety. Michigan is a large and diverse agricultural state providing food and dairy products for Michiganders and is a significant exporter to other states and countries. The Food and Dairy Division at Michigan Department of Agriculture and Rural Development (MDARD) has developed a four-year plan to improve its ability to better assure Michigan's food and dairy safety while assisting our growing food and agriculture sector with the compliance assistance they need for growth.

The plan focuses on adding 20 staff positions and improving technology for customers and staff. Year one general funds approved for FY15 included \$1.8 million to the Food and Dairy Division budget to begin expanding food and dairy staff.

For years two - four, MDARD is looking to gradually adjust food license fees by \$2.5 million so the food industry is paying its fair share (moving from 26 to 37% fee supported) of the food safety assurance cost. These funds will help fill a structural deficit in program operations, plus support additional technology needs and staff.

**Program Overview**

The food safety program helps assure the safety of the foods that Michigan residents eat. MDARD directly licenses and inspects approximately 18,000 retail, processing and warehouse facilities. In addition, the program responds to consumer complaints, investigates possible food related illnesses, responds during emergencies and products recalls, collects food samples for lab analysis, coordinates with other state and local food safety agencies and provides compliance assistance for new and growing businesses.

**Recommendation and Impact on Payees**

MDARD recommends that the following food safety fees be increased over a three year period, per the recommendation of our industry advisory workgroup. The advisory workgroup developed a target fee goal and the following phased in fee strategy to minimize the financial impact to affected businesses. Several major food associations have ran a number of articles explaining the need and benefits of recommended change to their members.

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**MDARD Food License/Certificate Fees**

Fee Type	Current Fees	Licenses/Certificates	Current Annual Revenue	Fee Recommendation Years 1,2 and 3		
				1	2	3
Retail Food Establishment	\$67	13,599	\$911,133	\$134	\$160	\$183
Extended Retail	\$172	1,056	\$181,632	\$344	\$400	\$468
Wholesale Processor	\$172	698	\$120,056	\$344	\$400	\$468
Warehouse	\$67	1,086	\$72,762	\$134	\$160	\$183
Limited Processor	\$67	1,143	\$76,581	\$134	\$160	\$183
Mobile Commissary	\$172	61	\$10,492	\$183	\$186	\$189
Mobile	\$172	107	\$18,404	\$183	\$186	\$189
Special Transitory Food	\$135	41	\$5,535	\$150	\$153	\$156
Temporary	\$25	986	\$24,650	\$50	\$60	\$70
Certificate of Free Sale	\$25	2,500	\$62,500	\$60/--/--		
License Late Fee	\$10-100	750	\$75,000	\$150/--/--		
<b>Totals</b>		<b>22,027</b>	<b>\$1,558,745</b>			

**Recommended Fee Revenue Increase by Year**

Year 1	Year 2	Year 3	Total
<b>\$1,514,277</b>	<b>\$530,239</b>	<b>\$493,803</b>	<b>\$2,528,319</b>

**Fee Comparison, Michigan vs. Great Lakes Region States and Nationally**

Fee Type	Small Food Service	Large Food Service	Temporary Food	Small Retail	Large Retail	Small Processor	Large Processor
MDARD Current	NA*	NA*	\$28	\$67	\$172	\$67	\$172
MI Local Health	\$180-760 (\$375 Avg.)	\$275-1,224 (\$588 Avg.)	\$54-250 (\$108 Avg.)	NA	NA	NA	NA
Ohio	NA* (\$566)		NA*	NA* (\$566)		\$30-\$200	
Wisconsin	NA*	NA*	NA*	\$45-685		\$95	\$160-1,155
Minnesota	NA*	NA*	NA*	\$77-2,001		\$189	\$325-920
Illinois	NA*	NA*	NA*	NA* (\$347)		\$0**	\$0**
Indiana	NA* (\$427)		NA*	NA* (\$427)		\$0**	\$0**
Other States (Avg.)	NA*	NA*	NA*	\$190	\$462	\$190	\$462

\*Not applicable: Program conducted by local health agencies which sets local fees.  
 (Shows Avg. fee for: Cuyahoga Co., OH / Allen Co. (Fort Wayne) IN / Cook Co. IL.)

\*\*State processor fees currently being pursued.

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**How will these changes benefit the food industry and the consumer?**

- Reduce the risk of foodborne illness.
- Provide more assistance to help food businesses start or grow.
- Evaluations completed on schedule to help assure that businesses meets food safety standards.
- Faster response to investigate and resolve business interruptions when they occur (i.e. disasters, recalls, and outbreaks).
- Easily apply for, renew and track licenses, make complaints, view inspection reports and other interactions with MDARD on-line, including streamlining applications for businesses that receive multiple licenses from MDARD. For example, many customers receive food, gas and/or plant nursery licenses.

**Program impacts without a fee Increase:**

- Limited ability to improve the food industry's compliance rate, which now only averages about 56%.
- Inability to correct key Auditor General recommendations.
- Inability to assure standards are being met at licensed food facilities by inspecting at a minimum responsible frequency.
- Limited ability to assist new business growth.

**Why is the fee increase needed?**

- Increased demand for compliance assistance to start and expand food and dairy businesses as the economy is growing again.
- A State Auditor General report and Food and Drug Administration audits highlighting the lack of resources within the Food and Dairy Division to maintain adequate food safety inspection levels.
- Outdated technology that prevents staff from working more efficiently.
- Most industry fees haven't been updated since 2000.
- Increased work in specialty program areas.

**MDARD Contact**

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